[COMMITTEE PRINT]

VIEWS AND ESTIMATES

OF THE

COMMITTEE ON EDUCATION AND LABOR

TOGETHER WITH

MINORITY AND INDIVIDUAL VIEWS

ON THE

BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 1987

SUBMITTED PURSUANT TO

SECTION 301 OF THE CONGRESSIONAL BUDGET ACT OF 1974

U.S. HOUSE OF REPRESENTATIVES 99TH CONGRESS, 2D SESSION

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COMMITTEE ON EDUCATION AND LABOR,
HOUSE OF REPRESENTATIVES,
Washington, DC, February 25, 1986.

Hon. WILLIAM H. GRAY III,
Chairman, Committee on the Budget,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to Section 301(c) of the Congressional Budget Act of 1974, I am pleased to submit for the House Budget Committee's consideration the recommendations of the Committee on Education and Labor with regard to the fiscal year 1987 Federal Budget as it relates to programs and activities within the jurisdiction of the Committee, together with Minority and individual views.

With best wishes,
Sincerely,

AUGUSTUS F. HAWKINS, *Chairman.*

Enclosure.

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INTRODUCTION

The Committee on Education and Labor concludes that the Administration's Fiscal Year 1987 budget submission does not adequately address the problems the Nation confronts.

The Administration Budget: Overview

The Presidents' FY 1987 budget promises more of the same. It proposes deep cuts in domestic programs and increases in the defense budget. The Administration's claim that its budget exempts the poor from further cuts is belied by the facts. The budget would cut every major entitlement program and many discretionary programs targeted to low-income people. Several of the most severely affected programs are under the jurisdiction of the Education and Labor Committee.

If the President's budget is adopted, two key components of the Job Training Partnership Act--the Job Corps and Summer Youth Employment--will be reduced by 43 and 48 percent, respectively, from their 1985 levels.

The Administration also slates the Community Service Block Grant and the Work Incentive Program for extinction.

In spite of the fact that Congress voted overwhelmingly last year to reject further cuts in Child Nutrition, the President has again proposed reductions in the program. Similarly, the Administration has proposed deep cuts in postsecondary education -- options rejected by the House in the context of reauthorization of the Higher Education Act.

Education

The Administration proposes to reduce the Department of Education Budget by some $3.2 billion, or 17 percent, from the level appropriated in Fiscal Year 1986. It makes three arguments for these cuts.

First, the Administration argues that the federal share of all education spending is only about seven percent of total spending at all levels and that any cut is assumable by states and localities. This obscures several important trends.

The direct Federal contribution, as well as indirect funding, in such states as Arkansas, Hawaii, Kentucky, Mississippi, New Mexico, South Carolina, South Dakota, Tennessee, and the District of Columbia exceeds 10 percent. Further, the Federal contribution in school districts from Birmingham to Newark, from Norfolk to Corpus Christi, and from St. Landry Parish, Louisiana, to Berkeley County, South Carolina, exceeds 15 percent.

Second, the Administration argues that the Federal cuts will not result in a reduction of services. In the higher education area, however, the American Council on Education estimates that more than 3 million grants, loans, or other stipends will disappear if the Administration's proposed changes are adopted.

In his State of the Union address, the President suggested that the Federal budget should be run more like a family budget, and that in the process of reducing the deficit the family budget should be spared. Yet, the only alternative the President offers to college students and their families is greater indebtedness at higher interest rates. In fact, the President seems intent on forcing more and more families into deficit spending.

Third, the Administration contends that States, localities, or corporate philanthropy, will make up for Federal cuts. Previous experience has shown that

this is not the case. There is no reason to assume that States, localities, or corporations will fully fill the void left by Administration budget cuts.

Job Training

In the face of persistent teenage unemployment, the Administration proposes to gut the Job Corps and to significantly reduce funding for Summer Youth. It does propose a one-time supplemental in FY 1986 for the Dislocated Worker program but in FY 1987 would fund the program at only $100 million.

It should be noted, however, that as recently as Fiscal Year 1985, the Dislocated Worker program was funded at $222.5 million. The one-time supplemental would still be 22 percent below the funding level of two years ago.

A study by the Office of Technology Assessment indicates the problems of dislocated workers. It found that 11.5 million workers lost jobs because of plant shutdowns or relocations between 1979 and 1984. Only 60 percent of them, however, found new jobs. The study also noted that a large proportion of the displaced workers were middle-aged people in manufacturing jobs "with long and stable job histories." Some 45 percent of those who found new jobs had taken pay cuts and two-thirds of them were earning less than 80 percent of their former income.

The report also notes that, while "large numbers of adults lack adequate skills in reading, writing, mathematics, problem solving and communication," remedial education is a low priority in most Title III programs. Those with poor skills will be forced into low-paying jobs.

The OTA report emphasized that effective strategies to combat potential and actual dislocation "probably would mean higher total JTPA spending, despite the low cost per worker, because of greatly increased participation."

Contrary to the Administration's view that the economic recovery will solve such problems, the OTA concludes that, "the need for services ... does not vanish .... There is a continuing need for displaced worker services in an economy that is changing as rapidly as that of the United States."

The Administration's efforts in this area are inadequate.

The Administration trumpets economic recovery. In his State of the Union address, the President recalled "locked factory gates and long gasoline lines, intolerable prices and interest rates ...." But factories are still closing, oil workers are lining up for unemployment insurance, interest rates and unemployment are still high by historical standards, and it took the worst recession in 50 years to break the inflationary spiral.

The rising tide does not lift all boats. Census data show that the gap between rich and poor in America is greater than at any time since World War II.

In 1984, the wealthiest 40 percent of U.S. families received more than two-thirds of the national income (their largest share since 1947), while the poorest 40 percent (those with incomes below $21,700) received only 15.7 percent of the national income (their smallest share since 1947).

The data further show that this trend has become more pronounced since 1980. For example, if the shares of national income had not changed between 1980 and 1984, the poorest 20 percent of all families would have received an additional $8 billion. The wealthiest 20 percent would have received $25 billion less. According to the Urban Institute, "... those in the bottom two-fifths have actually lost all the ground they had gained over the two preceding decades."

The Committee Alternative

The Committee recommends that we fund our human capital programs at levels that prevent further deterioration. Thus, the Committee urges the House Budget Committee to give education, training, and social services the highest priority. Most programs deserve to be funded well above current service levels. Because of the Committee's concern about the deficit, however, it has chosen only a few programs for which it recommends funding above current service levels. We limit ourselves reluctantly, recognizing that the option of providing services which more adequately address demonstrated needs is not possible in the current climate of fiscal austerity.

The Nation cannot continue to slight education, job training, and social services directed to the poor and working poor, merely to achieve arbitrary, and potentially counterproductive deficit reduction targets. We pay a price for our shortsightedness and that cost will increase. Human capital is no different from steel and mortar. Unless it is maintained properly, it will erode. We can patch and mend; but all we do is postpone the day of reckoning. (See Table #1.)

The Committee acknowledges the desirability of deficit reduction. It is clear that deficits in the $200 billion range produce distortions in the economy that affect our ability to compete effectively in the world's markets.

It does not believe that deficit reduction can, or should, be achieved solely on the basis of reduced spending. Austerity is not a solution. Instead of focusing on budget reductions, the Administration and the Congress should be exploring policies that stimulate economic growth without inflation and provide adequate revenues.

The economic recovery has not reduced unemployment to anywhere near the full employment level. Economists at Morgan Guaranty estimate that the United

States, whose factory utilization has been stuck at about 80 percent since 1984, is roughly five percent below its potential output. With Gross National Product at four trillion dollars, that amounts to $200 billion in lost output.

The number of Americans who hold jobs is at record levels. There is, however, an unemployment crisis in America. In the two years since January 1984, the unemployment rate has dropped only 1.3 percent. While the 7.2 percent average unemployment rate for 1985 represents a welcome improvement from the trough of the recession (10.7 percent in November 1982), the 1985 level is almost 1.5 percent higher than the 1979 level of 5.8 percent. Nor should we forget that the unemployment rate for 1985 is higher than that for all but six of the last 35 years.

These levels represent only "official" unemployment estimates. When the underemployed and discouraged workers are counted, the real jobless rate for 1985 was 13 percent, or more than 15 million Americans. This represents an economic as well as a human tragedy.

The Congressional Budget Office report on The Economic and Budget Outlook: Fiscal Years 1986-1990 assumes that the civilian unemployment rate will only decline to 6.2 percent in calendar year 1990, still above the most pessimistic definitions of full employment.

Between 1962 and 1973, the Nation experienced average unemployment of 4.7 percent, productivity growth of 2.5 percent, and only one recession. Since then, the Nation has had average unemployment of 7.5 percent, productivity growth of only 1 percent, and three recessions. Obviously, there is a strong correlation between low unemployment and high growth.

The Committee again notes that the Congressional Budget Office estimates that each one percent reduction in unemployment cuts the deficit by over

$25 billion. Reducing unemployment to cut the deficit is preferable to cutting spending.

The Nation can never recover lost productivity. It can, however, move to stem its losses.

It is impossible to overestimate the value of education. According to a recent study of the Committee on Economic Development, "the most important investment this nation can make is in its children." Further, "we believe that any call for comprehensive improvement in the public schools that does not recognize the need for additional resources is destined for failure."

The CED report concludes that "the earliest stages of educational development, elementary school and preschool for disadvantaged children, are where we will receive the best return on our educational investment. Moreover, we consider the junior high or middle school to be at least as important as a force of education reform."

Since 1981, however, total federal assistance for elementary and secondary education has been cut by 7.2 percent in real terms (after adjustment for inflation). Chapter 1, Compensatory Education for the Disadvantaged, has been reduced by almost five percent in real terms.

Cuts in job training have been even deeper. Over the last five years, available funds have been reduced by almost 58 percent in real terms. This does not include the virtual elimination of the Trade Adjustment Assistance program.

In 1984, 14.4 percent of all Americans, or almost 34 million people, had income below the poverty line. Poverty rates among minorities are significantly higher. Just as troubling as poverty among adults is the growing phenomenon of child poverty.

Fifteen years ago, the child poverty rate was 13.8 percent. Today more than one child in five is

poor and the poverty rate for children is nearly twice the poverty rate for adults. Almost half of all black children, and more than a third of all Hispanic children were poor in 1983. But 64 percent of all poor children were white.

The Education and Labor Committee is particularly concerned that reductions in funding for education and job training will further exacerbate the problem of children in poverty.

Many things contribute to the incidence of child poverty, including demographic change, unemployment, and cuts in transfer payments.

But, according to the Congressional Research Service, "children of single mothers not yet 30 years old who failed to complete high school have the highest poverty rates, above 90 percent, whether black or white." Further, "lack of high school completion by the family head almost doubled the chances of child poverty in a mother-child family and more than doubled them in a married-couple family."

The Committee agrees with the President that "we must now escape the spider's web of dependency." Unlike the Administration, however, the Committee believes that, for the Nation to prosper, it must continue to promote policies that improve educational achievement, reduce dependency and promote self-sufficiency, and preserve a meaningful safety net.

SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

Elementary, Secondary, and Vocational Education

Between fiscal years 1981 and 1986, Federal funding for elementary and secondary education has dropped 7.2% in constant dollars. At a time when the public is urging improvements in the quality of education, and States and local school districts are trying to respond, the Federal government is becoming an increasingly minor partner in elementary and secondary education. In school year 1979-80, the Federal government provided 10.8% of the cost of elementary and secondary education; by 1984-85 this had dropped to 8.3%.

These declines have taken a toll. For example, the Chapter 1 program for disadvantaged children, the largest Federal elementary and secondary education program, served 600,000 fewer children in school year 1983-84 than in 1979-80. Another example is the Bilingual Education program. Since 1980, this program has been cut by 44%, taking into consideration the percentage change adjusted for inflation. In connection with this cutback, it is noteworthy that while the overall school age population will rise by approximately 16% by the year 2000, language minority school age children will increase by an estimated 40 percent.

The Committee believes these cuts are moving education away from the progress we should be making. The Committee's joint hearings with the Senate on the issue of illiteracy revealed that 13% of all 17-year-olds in the United States are functionally illiterate and that there may be 26 million functionally illiterate adults. Unless we continue the strides made in programs, such as Chapter 1, adult basic education, and other educational efforts, we will risk an increase in these numbers, instead of helping to lower them.

For most of the elementary and secondary education programs, the Committee is recommending current services funding in order to stem the losses these programs have experienced since 1981.

However, for the Chapter 1 program, the Committee is recommending an increase above current services. Additional costs have been incurred by school districts in operating Chapter 1 programs as a result of the Supreme Court ruling last summer in Aguilar v. Felton. The court ruled unconstitutional the method frequently used to serve nonpublic schoolchildren in Chapter 1, that of sending public school teachers on the premises of private, religious schools to deliver services. School districts have been attempting to cope with this situation and arrange other methods of serving the nonpublic school children, which they are required to do by law. These other methods -- such as using mobile instructional labs or serving the children in a public facility or a neutral site -- frequently involve additional transportation or other administrative costs which are to be taken off the top of Chapter 1, according to Department of Education guidelines regarding implementation of Felton. Without additional funds, these costs will result in reduced services to children in both public and private schools. The additional funding requested will help ease this situation, which has created difficulties in many school districts around the country. Also, the additional funding request is reasonable in view of Chapter 1's record of success in serving disadvantaged children.

The program currently serves only 31 percent of all Chapter 1 eligible students. Since the number of children in poverty has increased by 35 percent between 1979-1983, the program's funding needs are greater than ever.

Child Nutrition

Child Nutrition programs were cut in funding by nearly a third in 1980 and 1981. At that time, the cuts were twice as much as any other federal

entitlement program. Unfortunately, these cutbacks were also occurring at a time when poverty among children was increasing. Although current data indicate a negligible decrease in overall poverty levels, the indices for poor children are still substantial. Eighty-seven percent of the funds in child nutrition programs benefit the poor. It should be pointed out that hunger is again an issue in the United States. Last year, a report was issued by a physicians' task force from the Harvard University School of Public Health. These physicians concluded: "It is our judgment that the problem of hunger is now more widespread and serious than at any time in the last ten to fifteen years....Hunger has returned to our nation primarily due to governmental failure." The report further cited the budget cuts in the child nutrition programs enacted in 1981 as a major failure of government leading to this increase in hunger.

Therefore, given the widespread and serious nature of the hunger problem and the target population these programs serve, our nation's children, these programs should not only continue to be funded at current services level, but should be increased as proposed by the House in passing H.R. 7, the School Lunch and Child Nutrition Amendments of 1985.

Supplemental Food Program for Women, Infants, and Children (WIC)

The Supplemental Food Program for Women, Infants, and Children (WIC) has been found to be a cost-effective program and is considered by many to be one of the most effective federal programs enacted by Congress. A great many studies have cited the cost benefits of the WIC program. Notwithstanding the program's demonstrated benefits, over 50% of the income-eligible WIC population remains unserved. The Congress should not only maintain current funding levels for WIC, but also should seek to find ways to reach the unserved WIC population, thereby realizing a reduction in federal expenditures for later medical costs, as proposed by the House in passing H.R. 7.

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

During the first session of this Congress, the Committee on Education and Labor successfully completed House action on the reauthorization of the Higher Education Act (H.R. 3700) with passage of the bill on December 4, 1985, by a 350 to 67 vote. The Subcommittee on Postsecondary Education held 35 hearings both in Washington and around the country and heard testimony from 350 witnesses. Although the House-passed bill does contain new initiatives, it also contains major reforms significantly reducing Federal spending authorizations. Therefore, the budget recommendations for FY 1987 are based on the provisions of H.R. 3700 as passed by the House.

Higher Education Act

Title I -- Postsecondary Programs for Non-traditional Students

Title I of the Higher Education Act was modified in H.R. 3700 to focus programs on the needs of non-traditional students. The new Title I provides a four-year grant program to assist institutions in establishing programs, strengthening existing capacity, or supporting cooperative agreements with other organizations to meet the continuing education needs of adults. It also provides for four-year grants to enable institutions to develop and operate off-campus outreach programs for adults as well as three-year grants for in-service training of adult and continuing education instructors. These initiatives are necessary to address the growing problems of adult illiteracy and retraining and, in the process, recognize the need for postsecondary educational institutions to play a role in adult education and retraining.

The Committee recommends a level of funding for FY 1987 that recognizes the high priority of this program.

Title II -- Academic Library and Information Technology Enhancement

In the reauthorization bill, Title II was restructured, imposing a needs criteria for funding under Part A so only needy libraries receive grants in amounts substantial enough to be effective in improving library resources. The Committee also added a new Part D, Information Technology and Cooperation Agreements, for sharing information resources through cooperative arrangements. The Committee showed fiscal restraint and responsibility by paring the annual funding authorities for Title II by $55.75 million.

Having reauthorized Title II with more realistic funding goals, the Committee recommends funding adequate to renew funding for Part A using the more restrictive needs test, and to provide some start-up assistance the for new Part D, while maintaining current services levels in Parts B and C.

Title III -- Institutional Aid

Title III provides grants for assistance to less developed colleges and universities which serve low income and minority students in order to help these institutions strengthen their academic programs and management ability and to move toward self-sufficiency. Additionally, Title III (as amended by H.R. 3700) provides for a separate programs for historically black colleges and universities in response to their unique needs. The endowment provisions of the current Title III were retained in the reauthorization.

The Committee recommends increased funding for Title III, particularly to fund the new Part B for historically black colleges.

Title IV -- Student Assistance

In considering the reauthorization of the student financial assistance provisions of the Higher

Education Act, the Committee became clearly aware of the erosion in the buying power of student aid generally, the disproportionate decline in the value of grant assistance and the dramatic increase in student borrowing. As a result, changes in student aid programs were directed at improving the balance between loans and grants and increasing the equity of the programs. Specific programmatic changes affecting necessary FY 1987 appropriation levels include the following:

- $2,300 maximum Pell Grant for FY 1987 with a limit of not more than 60% of the student's cost of attendance;

- a $1,700 Pell Grant allowance for education related costs for students without dependents living with their parents and a $2,300 allowance for all other students;

- increased maximum awards for the Supplemental Educational Opportunity Grant (SEOG) program and the State Student Incentive Grant (SSIG) program;

- increased loan limits for the National Direct Student Loan Program (NDSL) and the Guaranteed Student Loan (GSL) program.

At the same time, the Committee incorporated a number of reforms in the GSL program which reduce Federal expenditures and increase the contribution of the campuses to the SEOG and College Work Study (CWS) Programs. In particular, the funding for the GSL program, as reauthorized results in a billion dollar savings over current law. However, it is important to note that these savings can only be achieved with enactment of the provisions of H.R. 3700.

In the area of student assistance, the Committee recommends adequate appropriations to fund the $2,300 maximum Pell Grant in FY 1987 with the other changes in the Pell Grant program provided in H.R. 3700 and to fully fund the GSL program with the reforms

provided for in H.R. 3700. The Committee recommends funding the student aid programs at current service estimates.

Title IV of the Higher Education Act also contains a number of categorical programs. These include Special Programs for Disadvantaged Students (TRIO), College Migrant Programs (HEP-CAMP), Veterans Educational Opportunity programs, Child Care Services, Federal Merit Scholarships, and general provisions and advisory committees. During reauthorization, TRIO and HEP-CAMP were not modified significantly, although clarifying provisions were adopted. A new veterans outreach program was created to include eligibility for all honorably discharged veterans, instead of only those receiving G.I. bill benefits. The child care provisions are new and were adopted to reflect the understanding of the Committee that lack of child care services is becoming a major obstacle for parents, especially, low-income single heads of households, in attending college.

The Committee recommends current service funding levels for existing programs and adequate funding to fully implement the new initiatives.

Title V -- Educator Recruitment, Retention, and Development

Included in the reauthorization bill are programs intended to recruit, retain, and assist in the professional development of our nation's teaching force, authorized under Title V.

The release of the National Commission on Excellence in Education Report, A Nation at Risk, resulted in actions being taken at the State and local level to begin to return to educational excellence, and the focus of most of those activities and reforms has been on our nation's teaching force. Title V, as restructured in H.R. 3700, provides programs designed to help recruit new teachers in the face of a growing shortage nationwide, and programs to help school districts retain their teachers in the

classroom, as well as a program to improve and expand teacher professional skills through in-service training.

Throughout the design and development of the new Title V, the Committee was mindful of the growing teacher shortage, the small but definite increase in numbers of children being enrolled in kindergarten and elementary schools, and the appropriate Federal role in helping State and local governments deal with teaching needs at the preservice as well as inservice levels.

During the 98th Congress, a teacher-recruitment program was enacted, the Carl Perkins Scholarship Program, and it has been funded at $10 million in FY 1986, along with the Leadership in Administration and Development Act (LEAD), which was funded at $7.5 million, for total Title V funding of $17.5 million in FY 1986.

Because of the urgent need to address teacher recruitment and retention and professional development needs of teachers, to give attention to the national drop-out problem, and to link higher education to the K-12 education level, the Committee recommends that funding for Title V programs authorized under H.R. 3700 be increased significantly. Additionally, the Committee recommends that $1 million be provided for the Taft Institute reauthorized as part of Title V.

Title VI -- International Education Programs

The international education programs were expanded under H.R. 3700, reflecting a concern that more must be done to improve foreign language skills and resources in this country. There are five new initiatives: intensive summer language institutes, language resource centers, internships abroad, model foreign language programs, and development of a center for foreign periodicals.

The Committee recommends sufficient funds to

provide the current services level in the existing programs and $1,500,000 extra to begin the implementation of the new initiatives added in H.R. 3700.

Title VII -- Construction, Reconstruction, and Renovation of Academic Facilities

In the reauthorization bill, major changes were made in Title VII. It is currently estimated that the colleges and universities of this nation would need $40 billion in order to bring their facilities and equipment up to state-of-the-art standards. In previous years, Title VII has only provided between $20 million and $40 million -- far short of any meaningful contribution. Title VII, as contained in H.R. 3700, has two provisions which address this problem more effectively. The first provision authorizes the Student Loan Marketing Association in cooperation with the Department of Education and the Department of Treasury to establish a private for-profit corporation to insure loans for college construction. The program will require $25 million in funding through the Department of Education for the first five years. After that, it will be funded through private resources and income from premiums paid by institutions. It is estimated that the corporation can eventually generate up to five billion dollars per year in private loans for post-secondary education construction.

H.R. 3700 also incorporates the provisions of Title IV of the College Housing Act of 1950 with modifications to target funding on undergraduate institutions. The bill increases the amount to be made available for loans each year from the program's revolving fund.

Title VIII -- Cooperative Education

Title VIII was only slightly modified in the reauthorization bill. However, its cost benefits were highlighted throughout the hearing process. Therefore, the Committee recommends current services

funding levels for FY 1987.

Title IX -- Graduate Education

Title IX was modified in the reauthorization bill to include a program for seeking out talented potential graduate students and providing them with both counseling and support to encourage their entrance into graduate school as well as stipends for those who actually enroll. It also includes provisions for assistance to institutions to provide awards to students studying in fields of national need.

The Committee recommends increased funding for Title IX for FY 1987 to accomodate the new provisions.

Title X -- Postsecondary Improvement Programs

Title X contains the authorization for the Fund for the Improvement of Postsecondary Education and the Minority Institutions Improvement Programs. The latter provisions, which were added by H.R. 3700, establish in legislation the parameters of the Minority Institutions Science Improvement Program (MISIP) which has been funded through the Department of Education for the last several years.

The Committee recommends increased appropriations for 1987 to accommodate both programs.

Title XI -- Community Partnerships and Economic Development

Title XI was amended in the reauthorization bill to include a new section linking postsecondary education institutions and local governments, labor, business and industry in a coordinated effort to revitalize local communities. The existing Urban Grant University program was also extended.

The Committee recommends appropriation levels adequate to provide funding for both programs.

Library Services and Construction Act (LSCA)

Federal funds under LSCA are used to expand access to libraries (now serving 96 percent of the population), and to maintain services to special populations such as the physically handicapped, older Americans, limited-English speaking people, Indian Tribes, and Native Hawaiians. Programs are also offered to persons who are institutionalized or otherwise disadvantaged. A portion of funds made available under LSCA can be used for construction of new library facilities, or to remodel and renovate existing structures, and other funds are used to support cooperative library projects, including new technologies and resource sharing and networking among the nation's libraries.

Currently, LSCA supports libraries serving 30 million disadvantaged adults and children, 5 million persons of limited-English speaking proficiency, 2.2 million elderly, 1.2 million physically handicapped, including 270,000 blind persons, and over 700,000 institutionalized persons.

The Committee believes that the Library Services and Construction Act should be continued at current services levels in FY 1987 in order not only to maintain current services, but to improve educational excellence in our schools, and to help combat the rising rate of illiteracy in this country that has already reached outrageous proportions.

SUBCOMMITTEE ON HEALTH AND SAFETY

In the years since the present Administration took office in 1981, there has been a consistent and continuing trend to reduce the efforts by the two agencies, OSHA and MSHA, which are responsible for seeing that every American worker has a safe and healthful place of employment.

While the number of fatalities in the mining industries, whether coal or metal/non-metal, has been falling every year, with the exception of 1984, the decrease may, in great part, be due to a declining industry with fewer working mines and fewer hours worked, rather than to active participation by MSHA in the process of mine safety and health.

In other areas of employment, it is clear that we have not been particularly successful. A recent report by the Bureau of Labor Statistics shows increases in the number of workplace accidents as well as the number of injuries and illnesses resulting from those accidents. There is some question as to the validity of statistics showing fewer accidents and injury/illness rates during the earlier years of this Administration.

Thus, while the proposed Department of Labor budget for fiscal year 1987 shows some modest increases in both personnel and dollars, looking at the figures as compared to FY 1986 as reduced by Gramm-Rudman-Hollings shows smaller increases, indicating that the trends established early in this Administration will continue.

Occupational Safety and Health Administration (OSHA)

The Department of Labor is proposing an increase of some $18 million for the agency for FY 1987, providing for an increase of 42 personnel slots. More than half of the increase would be focused on enforcement -- $7.2 million for federal enforcement and $4.2 million for State plan programs.

The increase, however, is based on OSHA's FY 1986 budget, but does not include cuts of $9.9 million and 42 positions under Gramm-Rudman-Hollings. Thus, when those cuts are included, the budget for OSHA shows no increase in positions and only a modest increase in dollars.

Considering the trend in agency funding and staffing since 1981, it is unlikely that OSHA will be able to do more than depend on companies to voluntarily comply with the law. In 1981, OSHA had just over 3,000 employees, with more than two-thirds (2,300) engaged in enforcement. In the proposed FY 1987 budget, OSHA staffing is projected at 2,200, with fewer than 1,800 engaged in enforcement activities. The result of this decrease in personnel is not a good one for workers, as evidenced by the BLS report showing an increase in job-related accidents, injuries, and illnesses. Also, as testimony to the Subcommittee has shown, there is an ever-growing relationship between occupational exposures to toxic substances and specific kinds of cancer, respiratory, and cardiovascular deaths among retired workers in specific industries. Much of this has occurred because of OSHA's reluctance or inability to develop and promulgate new standards for highly hazardous and toxic substances.

Mine Safety and Health Administration (MSHA)

Although fewer fatalities in coal and metal/nonmetal mining were reported in 1985, a lot of that reduction in mining fatalities is due less to MSHA's activity than to a drop in the number of active mines and fewer hours worked.

In 1981, MSHA had more than 3,800 people on board with nearly 2,800 engaged in enforcement activities. For fiscal year 1986, excluding cuts due under Gramm-Rudman, MSHA will have just over 2,800 employees with just fewer than 2,200 engaged in enforcement.

The Department of Labor's proposed fiscal year 1987 budget for MSHA shows increases in personnel of

81 slots and an increase of $11.8 million. This increase, however, is developed from 1986 budget levels and does not include the 1986 cuts under Gramm-Rudman of $6.5 million and 101 personnel slots. Thus, the dollar increase will actually be closer to half the nearly $12 million proposed and there will actually be a cut of some 20 positions rather than an increase of 81, as proposed.

There is the continuing danger that MSHA's inability or failure to conduct programs and inspections mandated under the Mine Safety and Health Act of 1977 could result in an increase in mining accidents as well as mining fatalities.

SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS

General Comments

The Subcommittee is extremely concerned about the prospects for the agencies within its jurisdiction in fiscal year 1987. In past years, the Subcommittee has expressed its concern about this Administration's lack of commitment to the programs within its jurisdiction. While the appointment of a new Secretary of Labor would seem to portend improvement, our concerns about this Administration's commitment to programs intended to promote the rights of workers and foster labor-management cooperation remain.

Despite our reservations about the way the agencies have functioned, the Committee has consistently opposed reductions in the funding of these agencies. Our concern has been that budget reductions would only further undermine the integrity of the programs within our jurisdiction. In view of the tremendous growth of the deficit under President Reagan and given that virtually all of these programs fall within discretionary spending, the Committee recognizes that all of the agencies are likely to suffer reductions in funding. Those reductions cannot help but damage the programs administered by these agencies. Our concern, based upon the past performance of this Administration, is that the reductions will not only undermine the effective enforcement of our labor and pension laws, but will provide the excuse for further undermining the even-handed application of those laws.

National Labor Relations Board (NLRB)

The NLRB exists to protect the rights of workers to engage in collective activity and to regulate the relationship between management, workers and unions. Efficient operation of the NLRB enhances the well being of workers, the peaceful resolution of labor disputes and the flow of commerce. Under the Reagan

administration, the NLRB has been among the worst managed agencies in the government. The NLRB is universally perceived by organized labor, with good reason, as being biased against their interests in its enforcement of the law. Due in part to the failure of the President to fill NLRB vacancies promptly and in part to the quality of the appointments he has made, the NLRB has also suffered under the largest backlog in its history. While progress has been made in reducing this backlog, primarily because unions and workers have sought other avenues for obtaining redress, it presently appears that in a short time the NLRB will again be without a full complement of members. A reduction in the NLRB budget will result in further difficulties for workers seeking the protections of the labor law, a greater insistence by the agency on the settlement of charges at the expense of individual and collective rights, and a growth in the backlog of pending cases at the NLRB.

Office of Labor-Management Standards (OLMS)

Prior to the most recent reorganization at DOL, the Office of Labor-Management Standards, the Bureau of Labor-Management Relations and Cooperative Programs, and the Pension and Welfare Benefit Administration were all part of the Labor-Management Services Administration. OLMS is that part of LMSA that was responsible for enforcement of the Labor-Management Reporting and Disclosure Act. The Subcommittee has previously expressed its concern that enforcement of LMRDA under the Reagan Administration has focused exclusively upon audits and criminal investigations of labor organizations, while efforts to enforce the employer and consultant reporting requirements have been ignored. At present, the position of Assistant Secretary for Labor-Management Standards is vacant, though we understand an appointment will be announced shortly. We are hopeful that the new Assistant Secretary will bring a commitment to evenhanded enforcement of the

LMRDA. We are concerned, however, that a reduction in available resources will serve as the excuse for continuing to ignore provisions of the law as they relate to the business community.

Bureau of Labor-Management Relations and Cooperative Programs (BLMRCP)

Among the first actions of William Brock, upon his designation as Secretary of Labor, was to appoint a Deputy Undersecretary for Labor-Management Relations and Cooperative Programs and to increase the emphasis of the Department of Labor's activities in this area. The Committee strongly commends Secretary Brock for these efforts. Our ability to compete economically will, to a large degree, be dependent upon our ability to foster cooperation between labor and management. Particularly in light of the widespread and growing intolerance for the organizational rights of workers, a decline in the amount of resources available for this effort is distressing. To the extent the ability of workers and management to equitably work out their own problems is undermined, the pressure on government to intervene increases. Governmental solutions are less likely to enhance our competitive position than are equitable solutions worked out directly by the parties involved. We wonder, however, how successful will be current efforts to promote labor-management cooperation when those agencies charged with enforcement of substantive law are widely perceived as being biased against the interests of workers.

Pension and Welfare Benefit Administration (PWBA)

The Committee commends the Department of Labor and Secretary Brock for promoting the primary ERISA enforcement officer to the level of Assistant Secretary. The PWBA is responsible for protecting an estimated $1 trillion in pension assets in over 900,000 different plans. The Administration presently has 200 investigators who work with information that, at best, is two years old when they first see

it. Finally, by its own admission, the Administration is operating without a meaningful enforcement strategy, though it is working to develop one. The Committee is extremely apprehensive about the potentially disastrous consequences of a budget cut on a regulatory and enforcement program that manyfeel is already failing to fulfill its statutory responsibilities to participants and beneficiaries.

Pension Benefit Guaranty Corporation (PBGC)

The Committee remains strongly committed to enacting a premium increase and reforms in the single employer insurance program. Failure to do so will not only needlessly add to the federal deficit but will unduly jeopardize the retirement security of tens of thousands of workers. Reforms and a premium increase are included in the pending budget reconciliation legislation (H.R. 3128).

Bureau of Labor Statistics (BLS)

The Committee is extremely concerned about the impact of a budget cut on BLS. In FY 1982, due to a government-wide budget reduction for all nondefense agencies, BLS was forced to choose between jeopardizing the quality of all of the Bureau's programs or eliminating programs described by its Director as being "very important and useful programs." At that time BLS chose the latter approach, but we question whether that option continues to exist. BLS is this country's basic statistical and analytical agency in the areas of employment, unemployment, prices and living conditions, productivity, wages, occupational safety and health, and economic growth and occupational outlook. The ability to implement effective policies is dependent upon the ability to accurately assess existing conditions. It is the Committee's view that the long-term costs that result from arbitrary reductions in the BLS budget far outweigh any short-term savings that may be achieved.

Federal Mediation and Conciliation Service (FMCS)

The primary function of FMCS is to mediate labor disputes. It is a very small agency with a very small budget. Yet, its proven ability to promote cooperation and limit confrontation between labor and management provides substantial benefits to the economy. Once again, we hope that a budget reduction for this agency does not prove to be penny wise but pound foolish.

SUBCOMMITTEE ON LABOR STANDARDS

Enforcement of Labor Standards

The Wage and Hour Division of the Department of Labor is responsible for enforcing, among others, protective legislation for farm workers, and basic wage and hour standards for all workers covered by the Fair Labor Standards Act. These laws are critical to the well-being of our nation's most vulnerable workers--those working at or near the federal minimum wage rate.

The Committee is concerned that the enforcement capabilities of the Wage and Hour Division are being undermined by increasing workloads on an already over-burdened staff. Since FY 1981, when the Division was forced to eliminate 178 enforcement positions, complaints have increased by more than 1,000 each fiscal year. In most years, the increases have been greater than 2,000 cases, and in FY 1984 there were 5,000 more complaints than in the previous fiscal year. As a result of the Fair Labor Standards Amendments of 1985 (P.L. 99-150), nearly 9 million State, local and municipal employees are now covered by the Fair Labor Standards Act. In addition, a report issued by the General Accounting Office on September 30, 1985, found that fewer staff hours were being spent on FLSA compliance since 1981 and that noncompliance with wage and hour recordkeeping was serious and continuing.

The Committee sees no evidence that the Wage and Hour Division staff will be able to manage spiraling complaints from the private sector, and the added enforcement burdens in the public sector for which no provision has been made. Therefore, the Committee strongly believes that some enforcement capability must be restored to the Wage and Hour Division.

Black Lung Benefits, Federal Employees Compensation, and Longshore and Harbor Workers' Compensation Benefits

In light of the Gramm-Rudman-Hollings Act, no cost of living adjustment (COLA) will occur for recipients of Federal Employees Compensation Benefits. COLAs for recipients of Longshore and Harbor Workers' Compensation benefits occurred prior to the operation of Gramm-Rudman-Hollings. Since black lung benefits are tied to the disability compensation of a GS-2 Federal employee, no reduction in benefits will occur unless a reduction first occurs in the GS schedule of benefits.

The Committee is extremely concerned and disturbed that staff reductions at the Department of Labor will cause an immediate backlog in the processing of claims for these benefits. While staff reductions in the enforcement of statutes like the FLSA will produce an increase in complaints and noncompliance within a year or two, staff reductions in servicing benefit claims will produce immediate results. Claimants will not have efficient handling of their cases, which will retard the delivery of benefits to persons dependent on them for economic security.

SUBCOMMITTEE ON HUMAN RESOURCES

The Human Resources programs under the Committee's jurisdiction are targeted at those most vulnerable in our society -- the very young, the very old, and the poor. These programs should be accorded the highest budget priority not only because of the populations they serve, but also because they prevent the need for additional expenditures in the future. Older American Volunteer and Older Americans Act programs, including Meals on Wheels, enable many senior citizens to remain in the their homes instead of in costly institutions. Successful diversion programs under the Juvenile Justice and Delinquency Prevention Act reduce the need for corrections facilities and lessen the burden on the courts. Because of the cost-effectiveness of these programs, they should all receive increases in funding. However, given the need for fiscal restraint, the Committee recommends that all of the Human Resources programs be continued at current services levels, with the exception of the Head Start and Older American nutrition programs which should be increased.

Head Start

The Head Start program is a particularly good example of a cost-effective investment for society. Results of longitudinal studies such as the High/Scope Educational Research Foundation's Perry Preschool Project indicate that substantially fewer graduates of quality preschool programs were placed in remedial or special education classes, dropped out of school, became involved in crime, or received welfare. High/Scope's cost-benefit analysis indicated that the return on the initial investment was equal to seven times the cost of one year of preschool.

The fact that, at the present time, Head Start is serving only about 17 percent of children who are eligible is justification in itself for an increase above the current services level. Over two and a half million more low income preschoolers are

eligible and in need of the quality education, health, nutrition, and social services which Head Start provides. Almost half of all black children, more than one-third of all Hispanic children, and nearly one in six white children in our country today are poor. In 1983, 25 percent of preschool-age children lived in families below the poverty line.

Follow Through

Follow Through is a related program which focuses on the continuing development of children from low-income families who were previously enrolled in Head Start or similar preschool programs. It is a modest, cost-effective program with a broad impact, serving 58 communities directly and over 700 other communities through dissemination efforts.

Child Care

The Committee recommends funding for the program of State grants for dependent child care information and referral systems and child care programs first authorized under P.L. 98-558. The need for child care continues to grow. Child care services allow parents to work, making families more self-sufficient. Over 9 million children under age 6 and almost 15 million children ages 6 to 13 have mothers in the labor force today. The Congressional Budget Office predicts a 38 percent increase in the number of preschoolers with working mothers by the end of this decade.

Community Services Block Grant

The Community Services Block Grant (CSBG) is distinguished from all other federal programs by the fact that its main purpose is to "provide a range of services and activities having a measurable and potentially major impact on the causes of poverty" through linkages and coordination of services at the local level. The Committee rejects the argument that CSBG is duplicative of other programs. In fact, the flexible nature of the program ensures that grantees

do not have to provide services that are already available. Additionally, the information, referral, and outreach services of local grantees serve all the programs administered by that agency, preventing the need for costly duplication of administrative services. Another way that CSBG attacks poverty is by filling in service gaps. In some cases, this means supporting services which would otherwise be unavailable; in others, it means supplementing inadequate service levels. Thus, the Community Services Block Grant becomes increasingly important as other programs (e.g., Head Start, Low-Income Home Energy Assistance, etc.) experience funding freezes or reductions. Eliminating funding for this program, as recommended by the Administration, would result in the fragmentation of existing coordinated service delivery networks and a loss of desperately needed services, particularly in rural areas where there may be no other resources.

Juvenile Justice and Delinquency Prevention Program

A central focus of the Juvenile Justice and Delinquency Prevention program is to develop more effective delinquency prevention and treatment programs, thereby ensuring that fewer youths will become adult criminals. Thus, in addition to supporting important efforts to deinstitutionalize status offenders and to remove children from adult jails, the program has also supported effective prevention programs (such as law-related education) and cost-effective treatment programs (such as victim restitution). From 1975 to 1984, the total number of juveniles arrested for violent crimes decreased by 20.5 percent, and the number arrested for property crimes decreased by 29.6 percent.

Runaway and Homeless Youth Program

The Runaway and Homeless Youth program provides critically needed emergency shelter and services, including 6 months aftercare, for troubled youths who have left home or have no home. In addition, the more than 270 federally funded centers provide family

support and counseling as a part of their efforts to return their clients home. This program has been cited by both the General Accounting Office and by the Inspector General of the Department of Health and Human Services as a very effective program. Nevertheless, many youths do not have access to these services because there are no shelters in their areas; and many centers have had to turn youths away due to insufficient resources.

Older Americans

Programs providing services that make it possible for older Americans to maintain an independent and productive lifestyle, longer than otherwise might be possible, are increasingly important for several reasons: both the number and percentage of those over 65 relative to other age groups is increasing dramatically; the age 85-plus population (most likely to require assistance) is growing most rapidly of all; and curtailment of services in other programs impacts heavily on this group's needs.

A nationwide survey presented in a recent Subcommittee hearing found 87 percent of respondents reporting increased (and frequently unfillable) demands for home-delivered meals and 56 percent of respondents reporting increased demands for congregate meals. The Department of Agriculture has reported that 225 million meals were served under the Older Americans Act in 1985, instead of the projected 214 million meals.

Older persons have substantially lower cash incomes than do those under age 65. In 1983, the median family income of a family head age 65 or older was less than two-thirds the median income of the 25 to 64 age group. For older individuals living alone, the discrepancy is even greater. We are especially concerned about the impact on the growing numbers of frail elderly who are left without able-bodied family members to fill in the gaps caused by shrinking public services.

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Two additional programs of special importance are the Title V Community Service Employment Program providing community services and income for the older workers, and the older volunteer programs which extend the useful working life of older individuals while expanding necessary services for the entire community. Information gained during hearings and site visits on the Senior Companion program, whose volunteers are working with hospital discharge units to ease the older patients' transition from hospital to independent living in the home, was particularly impressive.

SUBCOMMITTEE ON SELECT EDUCATION

Education of the Handicapped

The Education of the Handicapped Act (EHA) constitutes the principal mechanism through which the Federal government assists State and local agencies meet the special educational needs of handicapped children and youth. Central to the Act is the State formula grant program (Part B; also commonly referred to as P.L. 94-142) under which States are required to provide every handicapped child a free appropriate public education in the least restrictive environment. Part B also establishes a preschool incentive grant program.

Under P.L. 94-142, over 4.1 million handicapped children and youth are receiving special education and related services. Since 1979, appropriations for Part B have not approached the authorization level in the law, which is approaching $5 billion (40% of the national average per pupil expenditure for handicapped children and youth). The Part B State-grant appropriation for FY 1986, as a percent of the national average per pupil expenditure, has been dropping over the years (from 12.5% in FY 1979 to 9% for FY 1986). As a result, children and youth are suffering; class sizes are growing, newly identified children are remaining longer on waiting lists, necessary related services are being reduced, and more and more unqualified staff are providing instruction.

In addition to Part B, the EHA authorizes discretionary grant programs aimed at: (1) supporting and improving the direct services provided under P.L. 94-142; (2) identifying and solving persistent problems in providing services; and (3) assisting handicapped individuals make the transition to postsecondary education, vocational training, and competitive and supported employment. These programs support a variety of essential research, technical assistance, demonstration, dissemination, personnel training, and model projects and activities.

For the reasons described above, the Committee ecommends funding for FY 1987 above the level ecessary to simply maintain current services.

ehabilitation Act

The Rehabilitation Act 1973 is the primary legis- ation providing services to help handicapped ndividuals prepare for and engage in "gainful mployment to the extent of their capabilities."

Approximately 90 percent of funds appropriated nder the Act are used for individual vocational ehabilitation services under a basic State Grant rogram currently requiring a 80 Federal/20 State atch. The scope of services provided includes the valuation of rehabilitation potential, counseling, ocational training, physical and mental restorative ervices, maintenance, interpreter/reader services, ecruitment, and transportation. It has proven to be cost-effective program. The Rehabilitative ervices Administration (RSA) has stated that the stimated lifetime earnings for persons rehabilitated mprove by more than ten dollars for every dollar pent on services.

Notwithstanding the clear cost-benefit of this rogram, State Vocational Rehabilitation agencies are nly able to serve one out of every twenty disabled ndividuals who need rehabilitation services. A ecision which limits the federal government's inancial commitment to current levels is short- ighted. Currently, we spend approximately 1 billion to rehabilitate individuals with disabil- ties thereby making them independent and self- ufficient taxpayers. In striking contrast, 52 billion was spent in FY 1982 for SSDI, SSI, and edicare/Medicaid for disabled individuals under 65 nd eligible dependents.

Other programs and agencies authorized include the ational Institute of Handicapped Research, innova- ion and expansion grants, special services for ndians, supplementary services, facilities, and

special projects, Projects with Industry, comprehensive services for independent living, the National Council on the Handicapped, and the Architectural and Transportation Barriers Compliance Board.

For the reasons described above, the Committee recommends funding for FY 1987 above the level necessary to simply maintain current services.

Arts and Humanities

The National Foundation on the Arts and Humanities Act of 1965 and the Museum Services Act develop and promote national policy for support for the arts and humanities and institutions that preserve the cultural heritage of the United States, through the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute for Museum Services.

Both Endowments provide support for individuals, groups, and educational and other institutions across the country. Support is provided through programs of fellowships, research and project awards, and through matching grants.

Additionally, the National Endowment for the Arts awards grants to State arts agencies to assist them in carrying out plans for support of the arts. With one exception, all the agencies are agencies of State government. The National Endowment for the Humanities awards grants to private non-profit humanities councils within each of the States for the purpose of making sub-grants to individuals and organizations within the State.

The Institute of Museum Services provides support to museums for educational programming and for daily operating expenses and conservation.

National Institute of Education

The National Institute of Education (NIE), authorized by section 405 of the General Education

Provisions Act, has been the primary Federal agency responsible for educational research, development, and dissemination. NIE operates through a system of national research centers and regional educational laboratories and also conducts a national assessment of educational progress and operates a computerized bibliographic system (ERIC). On July 2, 1985, the Secretary of Education announced his intent to reorganize and consolidate (but not to eliminate) the functions performed by NIE, effective 90 days thereafter. Functions previously performed by NIE are now being performed by the Office of Educational Research and Innovation.

Over the years, the level of appropriations for NIE has declined significantly in both current and adjusted dollars. The FY 1986 appropriation of $51.231 million is only 29% of the $175 million authorized. The limited amount appropriated for educational research should be contrasted with estimated $5 billion in research and development through the Department of Health and Human Services, and with more than $1 billion through the National Science Foundation.

Special Institutions

Gallaudet College

Incorporated in 1857, Gallaudet College is a private non-profit 4-year liberal arts college, established to provide education and training for the hearing-impaired. It received $42,057,000 in federal funds in FY 1986 (78% of the College's revenue) and had an enrollment in the fall of 1985 of 2,128 in undergraduate and graduate programs.

Kendall School for the Deaf

Kendall School is a demonstration elementary school operated by Gallaudet College to serve hearing-impaired students in the Washington metropolitan area. A day school program established in 1972, students attending Kendall range in age from

infancy to 15 years. In the Fall of 1985 the program's enrollment was 203.

Model Secondary School for the Deaf

The Model Secondary School is a residential program operated by Gallaudet College to offer hearing-impaired students from across the country a comprehensive high school education. The program received an appropriation of $12,846,000 for the 1985-86 school year and has an enrollment of 390 students.

Helen Keller National Center Act

The Helen Keller National Center was established to assist persons with severe hearing and sight impairments. The Center provides special services, trains professional and allied personnel, and conducts research with respect to communications, teaching aids and devices, and delivery of services.

National Technical Institute for the Deaf

A division of the Rochester Institute of Technology, the National Technical Institute for the Deaf is a postsecondary residential facility for vocational and technical training and education to prepare hearing-impaired students for employment. The 2-year Institute is located in Rochester, New York, and began operations in 1968. In the fall of 1985, the enrollment at the Institute in the fall of 1985 was 1356 students (1296 hearing impaired students, and 60 hearing students enrolled in an associate program for interpreters).

American Printing House for the Blind

The American Printing House for the Blind establishes a permanent trust fund to aid in the education of the sight-impaired. Located in Louisville, Kentucky, the Printing House provides for the manufacture and dissemination of books and other materials for the education of the sight-impaired.

They are also mandated to sell all books and apparatus at cost as well as provide copies of all materials, free of charge, to the National Library for the Blind and the Library of Congress.

Domestic Volunteer Service Act

The Domestic Volunteer Service Act provides for the operation of the National Volunteer Antipoverty programs by the ACTION agency. Title I of the Act establishes Volunteers in Service to America (VISTA), Service Learning Programs, and other Special Volunteer Programs. These programs represent this nation's primary effort to ensure a long-term impact on the problems of poverty by increasing self-sufficiency within communities. By encouraging persons "from all walks of life" to perform "meaningful and constructive volunteer service" VISTA assists agencies and organizations which help meet poverty-related needs in local communities.

Child Abuse Prevention and Treatment Act

The Child Abuse Prevention and Treatment Act authorizes financial assistance for the identification, prevention, and treatment of child abuse (including child sexual abuse) and neglect. The Act establishes the National Center on Child Abuse and Neglect. The Secretary, through the Center, makes grants to States to assist in developing, strenthening, and carrying out child abuse and neglect prevention and treatment programs. States receiving assistance must, among other things, have in effect: child abuse and neglect laws; confidentiality provisions; immunity provisions related to the reporting of abuse and neglect; administrative and training procedures for effectively dealing with child abuse and neglect cases in the State; and procedures or programs for the reporting of medical neglect of disabled infants with life-threatening conditions. The Secretary, through the Center, is also authorized to make grants to or enter into contracts with public and nonprofit organizations for demonstration programs.

Child abuse and neglect is one of our nation's greatest tragedies. Data collected in January 1985 in a State-by-State telephone survey of 24 States by the National Committee for Prevention of Child Abuse were used to project an estimated national figure of reported child abuse cases in 1984 of 1,273,000, an increase of 266,000 over their 1983 projections.

For FY 1986, Congress authorized $41.5 million. The actual appropriation is $26 million (only 62% of the authorization level), the same as the FY 1985 level of appropriations.

Family Violence Prevention and Services Act

During the 98th Congress, the Family Violence Prevention and Services Act was enacted (Title III of P.L. 98-457). The purpose of the law is to assist States in efforts to prevent family violence (including the abuse of elderly persons) and to provide immediate shelter and related assistance for victims of family violence and their dependents. The need for this program is compelling. Battery is now the single major cause of injury to women--more significant than auto accidents, rapes, or muggings. Some 2,000 to 4,000 women are beaten to death annually; 40% of all women killed, and 10% of men are murdered by their partners.

The FY 1985 Supplemental Appropriations bill included $6 million for family violence, which can be spent during FY 1986. The FY 1986 appropriation is $2.5 million (less than 10% of the $26 million authorized).

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

Employment and Training Overview

In his proposed budget for fiscal year 1987, the President continues to call for drastic cuts in programs which provide employment and training opportunities for our Nation's disadvantaged and unemployed. These programs include the Summer Youth Employment Program, the Dislocated Worker Program, the Job Corps program, and national activities authorized under the Job Training Partnership Act (JTPA), as well as the Work Incentive Program (WIN).

From 1981 to 1986, job training funds have been reduced from $7.6 billion to $3.6 billion, or 52 percent in real terms. If the President's budget proposal is accepted, funding for job training programs will fall 62 percent below the FY 1981 level.

According to the officially-reported unemployment statistics, there are currently 8.5 million people in our Nation who are unemployed, and overall unemployment rates during the past year have averaged about 7 percent of the labor force. But the officially-reported unemployment rate does not give the full picture. The Bureau of Labor Statistics estimated, for the preceding quarter, an additional 1.2 million people who want to work but are discouraged jobseekers, and 5.5 million people who must work part-time because they cannot find full-time jobs. When these factors are taken into consideration, the nation's unemployment rate is over 10 percent (based on the supplementary unemployment measure designated as U-7, issued quarterly). In addition, the unemployment data do not reflect the millions of Americans who, although working, are still living on incomes under the poverty level.

Focusing upon the official unemployment estimates for teenagers, their rates remain intolerably high at around 19 percent. While overall black unemployment is close to 15 percent, the rate for black teenagers

is about 40 percent.

Cities continue to face chronically high structural unemployment and are increasingly devastated by plant closings and mass layoffs. Youths, minorities, handicapped, and seasonal workers continue to experience double digit unemployment rates. It is especially tragic that, in these circumstances, the President again seeks to undermine the programs which afford jobseekers the opportunity to develop skills to become contributing citizens to our economy.'

Job Training Partnership Act

The Job Training Partnership Act (JTPA) is comprised of programs designed to enhance employment opportunities for economically disadvantaged youths and adults, unskilled workers, and dislocated workers. The program is operated through a decentralized system of skill training and related services, administered by the States, local governments, and private industry councils.

In terms of the adults and young people who need its services, JTPA is inadequately funded at existing levels. In fact, the program is estimated currently to serve only between 3 and 4 percent of the eligible population.

For 1985, JTPA was funded at $3.748 billion. Appropriations for the program were cut by $287 million for Fiscal Year 1986. The President has proposed rescissions in the current 1986 budget of $342 million, and a 1987 budget of $2.91 billion, a cut of 16 percent from 1986 levels, and 22 percent from 1985 funding.

Title II-A of JTPA provides job training for disadvantaged youths and adults. The FY 1985 appropriation of $1.886 billion was reduced by $23 million by the FY 1986 appropriations Act and an additional $80 million was sequestered. The President proposes a budget of $1.820 billion for this program in FY 1987, a reduction of $66 million from the FY 1985 appropriation and from his own

FY 1986 budget request.

Title II-B of JTPA authorizes the summer youth employment program for 14-21 year old youths. Last year's appropriations Act adopted the Administration's budget request, cutting the FY 1986 funding level $160 million below the previous year. Reduced further by a sequestration of $29 million, the available FY 1986 appropriation currently stands at $636 million (compared with $825 million for FY 1985). The President now proposes a rescission of $208 million in the FY 1986 appropriation, which funds the summer program for 1987. This would reduce the program to $428 million and this same level would then be continued, if the FY 1987 budget is adopted, for the summer program in 1988. These drastic reductions would mean that the number of summer youth job participants would fall from 785,000 in the summer of 1986 to 467,000 in the summer of 1987 and 414,000 in the summer of 1988.

Title III of JTPA provides training and services for dislocated workers. Funding for this program was cut by the FY 1986 appropriations Act, at the Administration's request last year, to $100 million, falling 55 percent below the FY 1985 level of $222.5 million. This year, the President has proposed a supplemental appropriation to add $74 million to the post-sequestration level of $96 million, for total allotments of $170 million in FY 1986. However, for FY 1987 the President would reduce the Dislocated Worker program back to the FY 1986 budget level of $100 million. All newly appropriated funds would be allocated in the Secretary's discretion.

The Job Corps program, which provides training for severely disadvantaged youth aged 14 to 21, was funded by the FY 1986 appropriations Act at a level of $640 million, which was reduced to $613 million after sequestration. The President has proposed a 1986 rescission of $197 million in Job Corps funds. The President's FY 1987 budget request of $352 million would reduce funding 45 percent below the amount Congress appropriated for FY 1986. The

proposed FY 1986 rescission and the President's FY 1987 budget would result in a reduction of 16,000 Job Corps slots (from 38,000 enrollment slots in FY 1985 down to 24,000 slots in FY 1986 and 22,000 in FY 1987).

Several studies show that the Job Corps is cost-effective. For example, one study by Mathematica Policy Research, Incorporated, shows that for each dollar invested in the Job Corps program, $1.46 is returned to society in terms of wages earned, taxes paid, reduced welfare dependency, and reduced penal administration costs.

The Committee recommends that the proposed rescissions and budget reductions be rejected and that JTPA be funded at the current services level. In view of the mounting distress caused by numerous plant shutdowns, exacerbated by the Administration-supported termination of the Trade Adjustment Assistance (TAA) program, the Dislocated Worker program should be funded at the FY 1985 level.

Work Incentive Program

The Work Incentive program (WIN), authorized by Title IV-C of the Social Security Act, provides training and employment services for recipients of Aid to Families with Dependent Children (AFDC). It is a State-administered program designed to assist welfare recipients to achieve self-support through training, work experience, employment, child care, and other services.

In fiscal year 1984, an estimated 350,000 WIN participants found employment. The resulting savings in welfare grants were more than twice the level of the fiscal year 1985 appropriation. Yet the President has, for the fifth consecutive year, requested elimination of the program.

In spite of the President's efforts to eliminate the program, Congress appropriated $220 million for WIN in fiscal 1986. The President has asked for a

$46 million rescission in the current year's operating budget and total elimination of the program by September 30, 1986.

The Committee strongly opposes the elimination of the WIN program. The program has demonstrated its cost-effectiveness as a means of reducing welfare dependency. The program should be funded at the current services level.

Employment Services

Authorized under the Wagner-Peyser Act, the Employment Service provides job search and placement services, labor market information, services for displaced workers, job matching activities, work tests for unemployment compensation claimants, and job-matching activities for individuals seeking employment.

In order to maintain the functions of the Employment Service, the Committee recommends funding at the current services level.

Equal Employment Opportunity Commission

The Equal Employment Opportunity Commission (EEOC) is charged with the enforcement of Title VII of the Civil Rights Act of 1964, which prohibits employment discrimination based on race, color, religion, sex, or national origin; the Age Discrimination in Employment Act; the Equal Pay Act; and, in the federal sector, prohibitions against discrimination because of handicap. Recent hearings and staff investigations of EEOC's operations indicate that there is tremendous pressure on the Commission's ability to keep up with the increasing workload, the need to conduct more full investigations and the agency's obligation to provide adequate resources to keep pace with its stepped-up litigation activities. Increased productivity projections, including more than a 156 percent increase in litigation actions and more on-site investigations, will require similar increases in staffing and

sufficient funds for travel, litigation, and other support functions in order for the agency to meet its enforcement obligations.

For fiscal year 1987, the President proposes to increase the EEOC's budget from the FY 1986 appropriations level of $165 million to $167.691 million, of which $20 million should be earmarked for State and local grants. Recognizing the need to address the rise in enforcement activities, the Committee recommends funding the EEOC at the current level, plus inflation, for a total $169.950 million for fiscal year 1987, including $20 million for payments to State and local enforcement agencies. This budget recommendation represents a modest $2.3 million increase over the President's budget request and, more importantly, will provide the EEOC with the discretion to align available resources with the staffing and workload requirements necessary to enforce the anti-discrimination statutes mandated to the agency. In addition, it will reassure individuals who file complaints with the EEOC that their charges will be given thorough investigations and their allegations will not be slighted due to budgetary constraints.

Federal Contractor Equal Employment Opportunity Standards Enforcement

The Office of Federal Contract Compliance Programs (OFCCP) administers and enforces Executive Order 11246, as amended, the affirmative action provisions of the Rehabilitation Act of 1973, as amended, and related provisions of 38 U.S.C. Section 2012, the Vietnam Era Veterans Readjustment Assistance Act of 1974. The Executive Order prohibits discrimination by federal contractors on the basis of race, color, religion, sex, or national origin and requires that they take affirmative action where necessary to remedy the effects of discrimination. Section 503 of the Rehabilitation Act and 38 U.S.C. Section 2012 contain similar provisions for handicapped persons, disabled veterans, and Vietnam Era veterans. Enforcement of the Executive Order and the above

statutes is by compliance review of contractor establishments and by complaint investigations. Acts of non-compliance are remedied by conciliation or, if this method fails, by imposition of the sanctions provided by law.

The OFCCP has experienced substantial reductions in staffing since fiscal year 1984. In that year, OFCCP maintained 979 positions; in 1985, 964 or 958 Full-Time Equivalent; in 1986, it is estimated that pursuant to P.L. 99-177, OFCCP will face a reduction in FTE to 900 to perform the important enforcement functions of the agency.

In fiscal year 1987, the President proposes to increase OFCCP's budget from the FY 1986 appropriations level of $43.4 million and 900 FTE to $45.9 million and 910 FTE. However, this increase does not equal or exceed the 1984 program level. Recognizing the importance of increasing the number of enforcement staff and resources to accomplish the objectives of the agency, the Committee recommends that OFCCP be funded at $48.5 million and 930 FTE for fiscal year 1987.

This amount will provide for and should be used for additional enforcement staff in the field offices, in order to realistically effect the 5,225 compliance reviews and 995 complaint investigations which the OFCCP plans to conduct in FY 1987. The increased funding will also permit the OFCCP to continue the development of the ADP and micro computer systems which will enhance the agency's contractor selection and case management systems. The proposed funding levels also assume that all of the recommendations made by the DOL Inspector General will be implemented.

TABLE #1

FUNDING HISTORY: MAJOR PROGRAMS FY80-87

(Assumes Enactment of Reagan Budget)
Adjusted for Inflation (1980 $)
Budget Authority (000's)

Program	FY80 Level	FY87 Reagan Request	FY87 Reagan Request in FY80 Dollars	Real Change FY80-87 %
Chapter 1	3215	3688	2592	- 19
Handicapped	1049	1303	916	- 13
Vocational/Adult	879	408	287	- 67
Impact Aid	825	548	385	- 53
Student Financial Assistance	3496	3275	2300	- 34
GSL	1609	2330	1637	+ 2
Job Training	5016	2300	1616	- 68
WIN	365	0	0	-100
Older Americans	919	1015	713	- 22
Vocational Rehabilitation	574	1225	861	+ 50
Head Start	700	1075	755	+ 8
Child Nutrition	3834	3478	2444	- 36
WIC	758	1617	1136	+ 50
CSBG	557	0	0	-100

COMMITTEE ON EDUCATION AND LABOR
DISSENTING VIEWS AND ESTIMATES
ON THE FISCAL YEAR 1987 BUDGET

This Committee faces difficult choices over the next few months regarding the programs under its jurisdiction. These programs represent an investment in this nation's human capital. In order for us to remain competitive and productive, we should continue to place priority on programs that foster quality education and training opportunities for those who are economically or educationally disadvantaged. We must also protect the civil rights of those who cannot protect themselves, and we should provide alternatives for those who, through no fault of their own, find themselves unemployed, uneducated or disenfranchised. The Republican Members of this Committee believe that without adequate support for the programs under its jurisdiction, the price that we will pay later is many times that of the cost of providing those programs today.

The Majority Members of the Education and Labor Committee again this year propose to fund the programs within the Committee's jurisdiction at not less than the current services level as estimated by the Congressional Budget Office for the coming fiscal year, with selective increases in some programs.

We, too, would like to fund many of these programs at the same or even higher levels. Successful programs -- such as Head Start, WIC and the Job Training Partnership Act -- are reaching only a fraction of those people who could benefit from them.

The Majority's approach, identical to that which it took last year, runs contrary to any responsible budgetary policy. Only two months ago, Congress committed itself to eliminating the deficit over the next five years. To do so will require some tough choices and a thorough reexamination of the federal government's role in many areas. It is our responsibility to make those choices and shape that role, rather than watching passively while deficits continue and the sheer cost of financing the debt squeezes out domestic discretionary spending.

The House Budget Committee is faced with the unenviable task of sitting down and writing a budget, presumably meeting the deficit target for fiscal year 1987. A distaste for the budget process should not excuse this Committee from some measure of responsibility.

To suggest that all programs should be funded at current services levels is to suggest that all programs are of equal value. This is obviously untrue. Freezing, reducing or eliminating programs within the Committee's jurisdiction may not sit well with many people, including some of our constituents.

However, they are certainly better served by this course than by blithely ignoring the enormous federal deficit.

The vast majority of spending under this Committee's jurisdiction is worthwhile and important. Yet despite the priority we place on these programs, we also recognize the importance of trying to reduce the overall deficit. Although it may be difficult, we are willing to begin by using the first Gramm-Rudman sequester of 4.3 percent, as applied to the programs under this Committee's jurisdiction, as our baseline.

Further, we are willing to examine additional options to achieve greater savings, if we can be assured that these programs will be treated no worse than other federal programs. It is difficult for us though, to provide specific figures until we know how other programs, especially defense, are to be treated.

This process is difficult, but is nonetheless one which we must begin. The imposed timetable is tight, and as we proceed, we may not know the exact outcome. We do know that starting this process from a base of current services levels will only create unmet expectations. To start the negotiations from a current services base removes this Committee from the process. It is simply not a defensible or responsible position.

In its February report, The Economic and Budget Outlook: Fiscal Years 1987-1991, the Congressional Budget Office (CBO) projects a deficit for FY 1987 of $181 billion if Congress fails to make further savings. Significantly, this estimate assumes no real growth in defense. If defense were to increase, if entitlements grow above current services, if domestic discretionary spending increases in real terms, or if CBO's economic assumptions prove too rosy, the deficit will be higher. And if the past few years have taught us anything, it is to approach such assumptions with caution.

Even if all goes as predicted by CBO, we will still exceed our deficit target by $37 billion. Using the alternative baseline outlined in Gramm-Rudman, we would exceed the target by $22 billion.

Under the sequestration procedure, inaction would trigger an estimated 8.6 percent cut in domestic discretionary programs, far worse a consequence than we are proposing. Not only would the cuts be deeper, but they would be made arbitrarily across-the-board.

It is important to bear in mind that the sequestration process is extremely sensitive to the size of the excess deficit. For domestic programs, the sequesterable base is under $110 billion. Every additional $10 billion of deficit spending above the

target, half of which must be offset by domestic cuts, makes those cuts about 5 percent deeper. Using current services figures from a pre-sequester base, plus providing further individual program increases, does not reduce the difficulty of the task, but instead increases it.

None of us wants to diminish the relative priority of the programs under this Committee's jurisdiction. We do not all agree with the increases that are being proposed for defense, nor do we all agree with the proposed reordering of domestic priorities in the President's budget.

If reductions in funding for the programs under this Committee's jurisdiction are necessary, this Committee must play a role. We have examined various options which range from a post-sequester freeze to the potential of a second Gramm-Rudman reduction without the sequester order, and are establishing funding priorities within each option. We are ready to offer responsible alternatives, once we know the burden that defense will shoulder.

Some priorities are clear. We believe that priority should be given to programs that develop or maintain the ability of our "at risk" populations to achieve self-sufficiency. To this end, if possible, increased funding should be provided to programs such as Head Start, which provides disadvantaged children a

chance to break out of the cycle of poverty, and the Administration on Aging services and meals programs and the Older American Act Volunteer Programs, which allow the elderly in our society to maintain their independence.

Other programs which provide valuable services and assistance, such as Runaway and Homeless Youth grants, Native American grants, the Community Services Block Grant, Missing Children programs, and Employment for Older Americans, should continue to receive adequate funding to effectively address the serious problems these programs are designed to alleviate.

The Basic State Grant under JTPA, which provides training to disadvantaged, unemployed adults and youth, should be maintained as close to current funding levels as possible in order to continue its present level of effectiveness. Similarly, the Summer Youth and Employment Program should be given high priority when determining funding. While slight reductions might be necessary, it must be kept in mind that the Summer Youth Program is one of our most effective tools in dealing with the problems of youth unemployment, high student drop-out rates, and with providing otherwise non-existent opportunities to disadvantaged young people. Therefore, we believe that making significant reductions in funding for Summer Youth would be unwise at this time.

Of utmost importance to our Nation's unemployed, the Dislocated Worker's Program provides training, retraining, job search assistance, and other support services to individuals who have been displaced from jobs. This program, which was reduced by 55 percent in 1986, before sequestration, is often the only hope for many workers of finding new employment opportunities. We must make every effort to preserve this program at its current level of funding.

Important training and education functions are also authorized and funded under the Education of the Handicapped Act and the Vocational Rehabilitation Act. These programs merit the highest priority as they serve a large number of needy individuals -- handicapped children, youth and adults. We should strive to maintain these programs at their current service levels.

Vocational and Adult education have also proven effective in training and educating our citizens. These programs, like Chapter 1, Indian Education, Child Nutrition and the Women, Infants and Children program, have stood the test of time and have been shown to be effective in achieving their purposes. Each has wide support in Congress and across the country.

We believe that a 1987 budget should include a deficit-reduction plan which recognizes priorities for higher education programs which strengthen educational opportunity and access. Of those

programs, Pell grants are perhaps the most important, and should be maintained at the current services level for FY 1987. Pell grants play a vital role in student financial assistance, providing the basic foundation of assistance for our nation's neediest students.

Maintaining the current level of participation in the Guaranteed Student Loan (GSL) program is our next priority. Similarly, the major role that GSL program plays in financing postsecondary education expenses for millions of students must be preserved. We also recognize that other student aid programs play a valuable role in helping students meet the cost of attending college and, to the extent possible, funding for these programs should be continued.

We believe that significant cost savings can be achieved through administrative program changes contained in H.R. 3128, the Omnibus Budget Reconciliation Act of 1985, and H.R. 3700, the House-passed bill reauthorizing the Higher Education Act. We urge the adoption of these cost-saving measures.

Also contained in H.R. 3128 are several important reforms to the Single-Employer Termination Insurance program, administered by the Pension Benefit Guaranty Corporation (PBGC). We believe it is essential that a premium increase be enacted as soon as possible to reduce the nearly $1.3 billion deficit in the

Single-Employer program, which is predicted based upon actuarial assumptions. We intend to work in a bipartisan fashion to achieve this premium increase and other reforms recommended in the Administration's budget.

We are also concerned by the substantial deficit within the Black Lung Trust Fund and recommend that Congress move quickly to shore up the financing of the Trust Fund by doubling the coal tax as recommended by the Administration. Although an estimated $1.0 billion will be needed to fund the Trust Fund's anticipated expenditures for FY 1987, receipts are estimated at only $580 million, or about 56 percent of expenditures. Increasing the coal tax, however, is only a partial solution. We urge a close examination of the Black Lung program to ensure that benefits are awarded promptly and correctly as well.

Some priorities are already clear, others will develop as Congress reaches a consensus on the balance that is necessary between defense and domestic programs to achieve our deficit target. We do not want to "bid-against-ourselves" in the process. Reductions can be made if necessary, but the programs under this Committee's jurisdiction should not bear an unfair share of those cuts.

The President's budget in part recognizes the importance of these programs, and reduces them less than many other programs

in the budget. We should not subject the programs under this Committee's jurisdiction to cuts in the aggregate greater than the President has proposed to meet the deficit target. Indeed, that figure should probably be viewed as one end of the range within which reductions may have to occur. What remains critical is that as the authorizing committee we have a hand in determining the priorities by which those reductions are made. We cannot leave that priority setting to chance.

It is not comfortable to find ourselves in this position. Increasing funding and adding new programs is always an easier job. Unfortunately, that is not the job we are here to do. The choices we make must be informed ones. In order to make the budget process work, and to bring down the deficit, we are committed to making those choices.

DISSENTING VIEWS AND ESTIMATES ON THE FISCAL YEAR '87 BUDGET

James M. Jeffords

Rod Chandler

William F. Goodling

Thomas J. Tauke

E. Thomas Coleman

John R. McKernan, Jr.

Harris W. Fawell

Paul B. Henry

Steve Bartlett

INDIVIDUAL VIEWS OF REP. MARGE ROUKEMA

I concur with my minority colleagues in their criticisms of both the Committee's recommendations and the Administration's budget. In the former case, a "current services" spending target is simply unrealistic when we are trying to balance the budget and avoid the perfunctory Gramm-Rudman sequester process at the same time. In the latter case, it is equally unrealistic and outrageously unfair to urge massive cuts in the programs within our jurisdiction in order to meet the targets of both Gramm-Rudman and an unnecessary and costly "real growth" in defense spending.

Therefore, I believe that this Committee would most responsibly exercise its role in the budget process by adopting a middle ground which rejects the deep cuts proposed by the President while also assuming that cuts below a freeze at current FY 1986 (post-sequestration) levels will be necessary.

Like my Republican colleagues, I also have priorities among the programs within our jurisdiction which I intend to share with the Budget Committee at the appropriate time. However, I assume that even these programs will have to receive modest reductions to meet the overall targets. Moreover, I strongly believe that many ineffective or low-priority programs can be eliminated which, in turn, can be used to take some of the pressure off of those programs which are working. Unfortunately, in the past, our "current services" mentality has prevented us from making such choices. Indeed, the paring away of such programs should occur anyway for public policy reasons quite apart from fiscal necessity.

I joined the majority of my colleagues in the House in voting for the Gramm-Rudman legislation because I believe that it finally provides the tool to achieve necessary reductions in the deficit. I did so with the sincere hope that the sequestration process -- which is blind to the relative worth of each program -- would never take place. I fear that, by refusing to make hard choices even at this early stage in the process, we will jeopardize all of these programs by enhancing the prospects of sequestration.

Marge Roukema

Marge Roukema, M.C.

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